

Sec. 17. FUNDING AUTHORIZATION. For the fiscal year beginning July 1, 1998, and ending June 30, 1999, the Iowa empowerment board may determine amounts of appropriations and categorical program funding for the programs listed in this section which can be attributed to community empowerment areas and may recommend that the appropriate department reallocate the attributable portions to the community empowerment areas which have applied for and are determined to be eligible to receive the funding in the form of a community empowerment grant. Eligibility shall be limited to those community empowerment areas determined by the Iowa empowerment board under section 71.3, as enacted by this Act, to be eligible for an advanced community empowerment area arrangement. Subject to any federal limitations, the programs for which funding may be reallocated under this section are as follows:

1. Child day care.
2. At-risk programs for preschool children.
3. Head start programs.
4. Parent education programs.
5. Children's health programs.
6. Substance abuse assessment and referral.

Sec. 18. INITIAL APPOINTMENTS. The governor shall make the initial citizen appointments to the Iowa empowerment board created in section 71.2, as enacted in this Act, as follows:

1. Two members to a one-year term.
2. Three members to a two-year term.
3. Three members to a three-year term.

Sec. 19. Sections 8A.2 and 217.9A, Code 1997, are repealed effective June 30, 1998.

Sec. 20. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 20, 1998

CHAPTER 1207

IOWA AGRICULTURAL INDUSTRY FINANCE ACT AND RELATED PROVISIONS

S.F. 2415

AN ACT relating to agricultural finance, providing an appropriation, and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. LEGISLATIVE FINDINGS. The general assembly finds and declares all of the following:

1. a. The economic structure of agriculture, including the production of agricultural commodities and the processing and marketing of agricultural products, is undergoing a period of rapid transformation.

(1) Longstanding government programs supporting prices for agricultural commodities are being phased out, and new technologies and management arrangements are creating large scale integrated systems for producing and processing agricultural commodities, and marketing agricultural processed products.

(2) An increasing world demand exists for high quality agricultural products caused by the simultaneous reduction of trade barriers among nations and an increase in income of those nations' populations.

b. The ability of this state and its agricultural producers to adapt to these forces and their consequences at the threshold of the twenty-first century will determine the degree to which this state will prosper.

2. A need exists to support the production of agricultural commodities and the processing and marketing of agricultural products which are produced by using biological techniques for the development of specialized plant or animal characteristics for beneficial nutritional, commercial, or industrial purposes. A need also exists to support biomass energy sources.

3. A need exists to support forests and the growth and maintenance of forests in this state, including the production of agricultural commodities which are forest products as provided in section 15E.202.

4. a. A need exists for additional sources of financing for local agricultural producer-led ventures to expand production, processing, and marketing of high value agricultural products, to organize new business structures within the state to carry out these ventures, and to market and deliver increasingly high value agricultural products to consumers around the world.

b. Traditional channels of financing and business organization have not been adequate to address this need.

c. A trend toward corporate vertical integration in the production, processing, and marketing of agricultural products exists which requires agricultural producers to develop innovative cooperative ventures in order to successfully compete in a changing marketplace.

5. A need exists for additional sources of financing for ventures designed to support the production, processing, and marketing of high value agricultural products using biological techniques which create increasingly high value agricultural products for consumers around the world.

6. It is necessary for the state to authorize the formation of private corporations in order to provide sources of investment capital to encourage Iowa agricultural industry ventures, including providing limited state financial support necessary to stimulate these ventures.

7. All of the purposes stated in this Act are public purposes. All of the following is necessary in order to satisfy the intent and promote the purposes of this Act:

a. The authorization of the formation of Iowa agricultural industry finance corporations as provided in this Act, including authorizing persons to facilitate the formation of a private corporation.

b. The use of public moneys to support activities identified in this Act, including funding Iowa agricultural industry finance corporations, making available loans to initiate ventures as provided in this Act, and providing incentives included in this Act for qualified Iowa agricultural industry financing corporations.

DIVISION XIX

IOWA AGRICULTURAL INDUSTRY FINANCE CORPORATIONS

Sec. 2. NEW SECTION. 15E.201 SHORT TITLE.

This division shall be known and may be cited as the "Iowa Agricultural Industry Finance Act".

Sec. 3. NEW SECTION. 15E.202 DEFINITIONS.

Except as otherwise provided in this division, or unless the context otherwise requires, the words and phrases used in this division shall have the same meaning as the words and phrases used in chapter 490, including but not limited to the words and phrases used in section 490.140. In addition, all of the following shall apply:

1. "Actively engaged in agriculture" means to do any of the following:

a. Inspect agricultural operations periodically and furnish at least half the direct cost of the operations.

- b. Regularly and frequently make or take an important part in making management decisions substantially contributing to or affecting the success of the agricultural operation.
- c. Perform physical work which significantly contributes to agricultural operation.
2. "Agricultural commodity" means any unprocessed agricultural product, including livestock as defined in section 717.1, agricultural crops, and forestry products grown, raised, produced, or fed in this state for sale in commercial channels.
3. "Agricultural operation" means an operation concerned with the production of agricultural commodities for processing into agricultural processed products.
4. "Agricultural processed product" means an agricultural commodity that has been processed for sale in commercial markets.
5. "Agricultural producer" means a person who is any of the following:
- An individual actively engaged in agricultural production.
 - A person other than an individual, if the person is any of the following:
 - A general partnership in which all the partners are natural persons, and one of the partners is actively engaged in agricultural production.
 - A family farm entity if any of the following individuals is actively engaged in agricultural production:
 - A shareholder and an officer, director, or employee of a family farm corporation.
 - A member or manager of a family farm limited liability company.
 - A general partner of a family farm limited partnership.
 - A beneficiary of a family trust.
 - A networking farmers entity.
6. "Agricultural product" means an agricultural commodity or an agricultural processed product.
7. "Biotechnology enterprise" means an enterprise organized under the laws of this state using biological techniques for the development of specialized plant or animal characteristics for beneficial nutritional, commercial, or industrial purposes.
8. "Certified facility" means a facility used to process agricultural products as certified by a corporation pursuant to section 15E.210.
9. "Department" means the department of economic development as created in section 15.101.
10. "Economic development board" means the economic development board created pursuant to section 15.103.
11. "Family farm entity" means a family farm corporation, family farm limited liability company, family farm limited partnership, or family trust as defined in section 9H.1.
12. "Iowa agricultural industry finance corporation" or "corporation" means a corporation formed under this division.
13. "Iowa agricultural industry finance loan" means a loan made to a qualified Iowa agricultural industry finance corporation pursuant to section 15E.208.
14. "Iowa agricultural industry venture" means an enterprise involving any of the following:
- Agricultural producers investing in a new facility or acquiring or expanding an existing facility in this state which is used to process agricultural commodities produced in this state, if the purpose of the enterprise is to accomplish all of the following:
 - The creation and retention of wealth in this state derived from processing and marketing agricultural commodities produced in this state.
 - Increasing production, processing, and marketing of value-added agricultural products in this state.
 - Providing for a substantial equitable ownership interest in the enterprise by Iowa agricultural producers.
 - Providing an alternative in this state to corporate vertical integration in the production, processing, and marketing of agricultural products.

b. An agricultural biotechnology enterprise located in this state, if the purpose of research and application of biological techniques conducted by the enterprise is to accomplish all of the following:

- (1) The creation and retention of wealth in this state.
- (2) Increasing the value of agricultural commodities.

15. "Loan" means providing financing to a person under an agreement requiring that the amount in financing be repaid at a maturity date, with an interest rate, and other conditions as specified in the agreement.

16. "Networking farmers entity" means the same as defined in section 10.1, as enacted by 1998 Iowa Acts, House File 2335.*

17. "Qualified investor" means any of the following:

- a. An agricultural producer.
- b. A cooperative corporation organized under chapter 501.
- c. A networking farmers entity.

18. "Qualified Iowa agricultural industry finance corporation" or "qualified corporation" means an Iowa agricultural industry financing corporation which meets the eligibility requirements of and is approved by the department pursuant to section 15E.208.

Sec. 4. NEW SECTION. 15E.203 FINDINGS — INTENT AND PURPOSES.

1. The general assembly finds that this state is in a period when the economic structure of agriculture and the production, processing, and marketing of agricultural products is undergoing a period of rapid transformation.

2. It is the intent of the general assembly and purpose of this division that this state capture the greatest benefit from opportunities created during this period, by encouraging local agricultural producer-led ventures to expand production and processing of high value agricultural products, including agricultural processed products, to organize new business structures within the state to carry out these ventures, and to market and deliver increasingly high value agricultural products to consumers around the world. In carrying out this purpose, state resources provided by this division shall be used to assure all of the following:

a. That the majority of the wealth created by Iowa agricultural productivity is retained in this state.

b. That employment in the production, processing, and marketing of agricultural products, and especially agricultural processed products, is increased in this state.

c. That agricultural producers in this state are provided with an opportunity to acquire a majority ownership interest in Iowa agricultural industry ventures promoted under this division.

d. That this state becomes a world model for agricultural producer-based vertical cooperation which depends upon broadly shared access to information, capital, and cooperative action.

e. That the use of private resources with state incentives establish Iowa as the world leader in responsibly produced agricultural products that meet the needs of consumers throughout the world.

3. It is the intent of the general assembly and the purpose of this division that the state encourage Iowa agricultural industry ventures which promote the research and application of biological techniques for the development of specialized plant or animal characteristics for beneficial nutritional, commercial, or industrial purposes.

Sec. 5. NEW SECTION. 15E.204 IOWA AGRICULTURAL INDUSTRY FINANCE CORPORATIONS — SCOPE OF POWERS AND DUTIES.

1. An Iowa agricultural industry finance corporation formed under this division shall be subject to and have the powers and privileges conferred by provisions of chapter 490, unless otherwise limited by or inconsistent with the provisions of this division.

2. Nothing in this division requires any of the following:

* Chapter 1110 herein

a. That a limited number of Iowa agricultural industry finance corporations are authorized to be formed. However, the department may strictly interpret and apply the requirements of this division in determining whether a corporation is a qualified corporation under section 15E.208.

b. That a corporation be organized on a cooperative basis, including structured, organized, or operated pursuant to 26 U.S.C. § 1381(a).

c. That a corporation is restricted from holding, acquiring, or transferring financial or security instruments, including but not limited to a security regulated under chapter 502, money, accounts, and chattel paper under chapter 554, security interests under chapter 554, or a mortgage or deed of trust under chapter 654.

3. An Iowa agricultural industry finance corporation is a private business corporation and not a public corporation or instrumentality of the state. Except as provided in this division, nothing in this division exempts an Iowa agricultural industry finance corporation from the same requirements under state law which apply to other corporations organized under chapter 490, including taxation provisions under chapter 422 or Title X, subtitle 2 of this Code, or security regulations under chapter 502.

Sec. 6. NEW SECTION. 15E.205 IOWA AGRICULTURAL INDUSTRY FINANCE CORPORATIONS — REQUIREMENTS.

1. A corporation incorporated under chapter 490 is an Iowa agricultural industry finance corporation, if the corporation complies with the requirements of this section and section 15E.206. In addition to the other requirements for a corporation organized under chapter 490, all of the following shall apply:

a. At least fifty-one percent of the corporation's common stock must be held by agricultural producers. At least fifty-one percent of the corporation's voting stock must be held by agricultural producers.

b. A director of the corporation's board of directors shall not serve for more than seven consecutive years as a board director.

c. The purpose of the corporation must be limited to providing financing to eligible persons under section 15E.210 who are engaging in Iowa agricultural industry ventures limited to establishing a business structure in which agricultural producers produce agricultural commodities for processing and marketing as agricultural processed products.

2. The requirements of this section shall be memorialized in the corporation's articles of incorporation.

Sec. 7. NEW SECTION. 15E.206 FORMATION OF AN IOWA AGRICULTURAL INDUSTRY FINANCE CORPORATION.

1. This section authorizes the formation of Iowa agricultural industry finance corporations in order to perfect the manner in which such corporations are formed and operate. Such a corporation is a private business corporation and not a public corporation or instrumentality of the state. The corporation shall not enjoy any of the privileges nor be required to comply with any of the requirements of a state agency.

2. In facilitating the formation of an Iowa agricultural industry finance corporation, the following persons shall serve as incorporators as provided in section 490.201:

a. The chairperson of the economic development board or a designee of the chairperson.

b. The director of the department of economic development, or a designee of the director.

c. The secretary of agriculture or a designee of the secretary.

3. a. After incorporation, such a corporation shall be organized by an initial board of directors as provided in chapter 490, division II. The initial board of directors shall be elected by the members of an appointment committee. The members of the appointment committee shall be appointed by the economic development board. The initial board of directors shall consist of seven members. The members of the appointment committee shall include persons who have an expertise in areas of banking, agricultural lending, business development, agricultural production and processing, seed and venture capital investment, and other areas of expertise as deemed appropriate by the interim board of directors.

b. The members of the appointment committee shall exercise due care to assure that persons appointed to the initial board of directors have the requisite financial experience necessary in order to carry out the duties of the corporation as established in this division, including in areas related to agricultural lending, commercial banking, and investment management.

c. Upon the election of the initial board of directors, the terms of the members of the appointment committee shall expire.

d. The department shall assist the incorporators and the appointment committee in any manner determined necessary and appropriate by the economic development board and the director of the department in order to administer this section.

Sec. 8. NEW SECTION. 15E.207 IOWA AGRICULTURAL INDUSTRY FINANCE CORPORATIONS — GUIDING PRINCIPLES.

In carrying out its duties and exercising its powers under this division, an Iowa agricultural industry finance corporation shall be guided by the following principles:

1. The corporation must exercise diligence and care in the selection of persons and projects to receive financing as provided in section 15E.210. The corporation must apply customary and acceptable business and lending standards and practices in selecting persons and projects designated for financing and managing agreements under which financing is provided.

In selecting projects to receive financing, it is the intent of the general assembly that the corporation seek projects with wage, benefit, and work safety plans which improve the quality of employment in the state and which would not displace employees of existing Iowa agricultural industry ventures.

2. Except as otherwise provided in this section, the corporation shall not become an owner of real or depreciable property, including agricultural land, as provided in section 9H.4. However, this subsection shall not preclude the corporation from holding an interest in real or depreciable property if any of the following apply:

a. The corporation holds nonagricultural property for purposes of carrying out the management of its corporate affairs, including office space, furniture, and supplies.

b. The corporation holds an interest in real or depreciable property on a temporary basis, and any of the following apply:

(1) The interest is a bona fide encumbrance taken for purposes of security in connection with providing financing under section 15E.210.

(2) The interest is acquired by operation of law, including by any of the following:

(a) Devise or bequest.

(b) Court order.

(c) Dissolution under chapter 490, division XIV.

(d) Order in bankruptcy.

(e) Pursuant to a proceeding to enforce a debt against real property under chapter 654, to forfeit a contract to purchase real property under chapter 656, to enforce a secured interest in real or depreciable property under chapter 554, or to otherwise garnish, levy on, execute on, seize, or attach real or depreciable property in the collection of debts, or by any procedure for the enforcement of a lien or claim.

(3) The interest is acquired in order to facilitate a transfer between persons pursuant to a transaction authorized under this division.

Sec. 9. NEW SECTION. 15E.208 QUALIFIED CORPORATIONS — IOWA AGRICULTURAL INDUSTRY FINANCE LOANS.

1. The department may award an Iowa agricultural industry finance loan to an Iowa agricultural industry finance corporation, if the department in its discretion determines that the corporation is qualified under this section.

2. The corporation must apply for an Iowa agricultural industry finance loan on forms and according to procedures required by the department.

3. The department shall loan all of the amounts available to the department pursuant to this division to a qualified corporation with provisions and restrictions as determined by the department and contained in a loan agreement executed between the department and the qualified corporation.

a. The department may attach conditions to the granting of the loan as it deems desirable, including any restrictions on the subordination of the moneys loaned. The attorney general shall assist the department in drafting loan agreements and in collecting on the loan agreement.

b. The loan shall be repayable upon terms and conditions negotiated by the parties. The repayment period shall begin six years following the date when the loan is awarded and end twenty-five years after the date that the repayment period begins. At least four percent of the amount due shall be paid each year to the department. The corporation shall not be subject to a prepayment penalty.

c. The corporation shall not expend moneys originating from the state, including moneys loaned under this section, on political activity or on any attempt to influence legislation.

4. A corporation shall not provide financing to support a person who is any of the following:

a. An agricultural producer, if any of the following applies:

(1) The agricultural producer is a party to a pending action for a violation of chapter 455B concerning a confinement feeding operation in which the person has a controlling interest and the action is commenced in district court by the attorney general.

(2) The agricultural producer or a confinement feeding operation in which the agricultural producer holds a controlling interest is classified as a habitual violator under section 455B.191.

b. An agricultural products processor, if the processor or a person owning a controlling interest in the processor has demonstrated, within the most recent consecutive three-year period prior to the application for financing, a continuous and flagrant disregard for the health and safety of its employees or the quality of the environment. Violations of environmental protection statutes, rules, or regulations shall be reported for the most recent five-year period prior to application. Evidence of such disregard shall include a history of serious or uncorrected violations of state or federal law protecting occupational health and safety or the environment, including but not limited to serious or uncorrected violations of occupational safety and health standards enforced by the division of labor services of the department of employment services pursuant to chapter 84A, or rules enforced by the environmental protection division of the department of natural resources pursuant to chapter 455B.

c. A member of the economic development board, an employee of the department of economic development, an elected state official, or any director or other officer or an employee of the corporation.

5. In order to be eligible as a qualified Iowa agricultural industry finance corporation, all of the following conditions must be satisfied:

a. The corporation must only provide financing to persons and ventures eligible under section 15E.210.

b. The corporation must demonstrate that it complies with guiding principles for the corporation as provided in section 15E.207.

c. The corporation must adopt policies and procedures which maximize public oversight into the affairs of the corporation, by providing a forum for public comment, an opportunity for public review of the corporation's actions, and methods to ensure accountability for the expenditure of public moneys loaned to the corporation.

d. The corporation's articles of incorporation must comply with requirements established by the department relating to the capacity and integrity of the corporation to carry out the purposes of this division, including but not limited to all of the following:

(1) The capitalization of the corporation.

(2) The manner in which financing is provided by the corporation, including the manner in which an Iowa agricultural industry finance loan can be used by the corporation.

(3) The composition of the corporation's board of directors. The board must be composed of persons knowledgeable in Iowa agricultural industries including a representative number of individuals experienced and knowledgeable in financing new agricultural industries.

(4) The manner of oversight required by the department or the auditor of state. The articles must provide that the corporation shall submit a report to the governor, the general assembly, and the department. The report shall provide a description of the corporation's activities and a summary of its finances, including financial awards. The report shall be submitted not later than January 10 of each year. The articles shall provide that an audit of the corporation must be conducted each year for the preceding year by a certified public accountant licensed pursuant to chapter 542C. The auditor of state may audit the books and accounts of the corporation at any time. The results of the annual audit and any audit for the current year conducted by the auditor of state shall be included as part of the report.

(5) The execution of an agreement between the corporation and an eligible recipient as required by the department as a condition of providing financing, in which the eligible recipient agrees to become a shareholder in the corporation. If the eligible recipient is an agricultural producer as provided in section 15E.210, the agreement shall not be executed unless the agricultural producer holds voting common stock in the corporation equal to at least five percent of the financing provided to the agricultural producer pursuant to the agreement. The agreement shall be for a period of not less than ten years. An agreement shall at least provide all of the following:

(a) The establishment of a common stock pricing system. The stock shall be frozen against price appreciation for the first five years of the life of the corporation. The articles shall contain waivers for death and disability.

(b) The maintenance of stock ownership by an eligible recipient until a financial assistance obligation due the corporation is satisfied.

(c) A requirement that the par value of participating common stock be established prior to providing financial assistance to an eligible recipient.

e. To the extent feasible and fiscally prudent, the corporation must maintain a portfolio which is diversified among the various types of agricultural commodities and agribusiness.

f. Not more than seventy-five percent of moneys originating from the state, including moneys loaned to the corporation pursuant to this section, may be used to finance any one Iowa agricultural industry venture.

g. The corporation may only be terminated by the following methods, unless approved by the department:

(1) Merger or share exchange under chapter 490, division XI.

(2) Dissolution as provided in chapter 490, division XIV, part A.

(3) A sale, lease, exchange, mortgage, pledge, transfer, or other disposition, in one or more transactions of assets of the corporation which has an aggregate market value equal to fifty percent or more of either the aggregate market value of all of the assets of the corporation determined on a consolidated basis, or the aggregate market value of all the outstanding stock of the corporation.

6. The department shall provide for the default of the loan if the qualified corporation does any of the following:

a. Violates a provision of the articles of incorporation or an amendment to the articles of incorporation that is required by this division which violation is not approved by the department.

b. Violates the terms of the loan agreement executed between the department and the corporation, which violation is not approved by the department.

c. Fails to comply with the requirements of section 15E.205.

d. Completes a transaction, if all of the following apply:

(1) The transaction involves any of the following:

(a) A merger or share exchange under chapter 490, division XI.

(b) The sale, lease, exchange, mortgage, pledge, transfer, or other disposition, in one or

more transactions of assets of the corporation which has an aggregate market value equal to fifty percent or more of either the aggregate market value of all of the assets of the corporation determined on a consolidated basis, or the aggregate market value of all the outstanding stock of the corporation.

(2) The surviving entity of a merger or share exchange, or the entity acquiring the assets of the corporation fails to meet the requirements of section 15E.205.

7. In an action to enforce a judgment against a qualified corporation, the interest of the state shall be subrogated to the interests of holders of bonds issued by the corporation.

8. Moneys repaid or collected by the department under this section shall be deposited into the road use tax fund created pursuant to section 312.1.

Sec. 10. NEW SECTION. 15E.210 FINANCING PROVIDED BY AN IOWA AGRICULTURAL INDUSTRY FINANCE CORPORATION.

1. An Iowa agricultural industry finance corporation may only provide financing to a person determined eligible by the corporation according to requirements of the corporation and this section. At a minimum, an eligible person must be one of the following:

a. An agricultural producer participating in an Iowa agricultural industry venture as provided according to the terms of an agreement executed by the agricultural producer and the corporation. The agreement may require that the agricultural producer acquire an interest in an agricultural products processor certified by the corporation, or enter into a marketing agreement under which the agricultural producer agrees to market an amount of the agricultural producer's agricultural commodities to the agricultural products processor.

b. An agricultural products processor which participates as part of an Iowa agricultural industry venture as provided according to the terms of an agreement executed by the agricultural products processor and the corporation. The corporation shall only provide financing if the venture involves the construction, expansion, or acquisition of an agricultural products processing facility as certified by the corporation and if all of the following apply:

(1) The certified facility must be located in this state.

(2) Either of the following apply:

(a) More than fifty percent of the ownership interest in the certified facility must be held by qualified investors. If the certified facility is owned by an entity rather than by individuals, more than fifty percent of the interest in the entity and more than fifty percent of the voting interest in the entity must be held by qualified investors.

(b) More than fifty percent of the commodities processed by the certified facility during any twelve-month period is produced in this state. However, the corporation may provide financing, if its board of directors determines that adequate supplies of the commodity are not available for processing as otherwise required in this subparagraph subdivision.

c. An agricultural biotechnology enterprise which qualifies as an Iowa agricultural industry venture as provided according to the terms of an agreement executed by the agricultural biotechnology enterprise and the corporation, if the board of directors for the corporation determines that the enterprise would advance the intent and purposes set out in section 15E.203.

2. Financing may be in the form of a loan, loan guarantee, sale and purchase of mortgage instruments for eligible recipients, or other similar forms of financing. The financing shall be awarded pursuant to an agreement between the corporation and the eligible person.

3. A corporation shall not provide financing to support an outstanding debt or other obligation, regardless of whether the original financing was provided by a corporation.

Sec. 11. NEW SECTION. 15E.211 OBLIGATIONS.

The obligations of the corporation are not obligations of this state or any political subdivision of this state within the meaning of any constitutional or statutory debt limitations, but are obligations of the corporation payable solely and only from the corporation's funds. The corporation shall not pledge the credit or taxing power of this state or any political subdivision of this state or make its debts payable out of any moneys except for those of the corporation.

Sec. 12. NEW SECTION. 15E.212 RULES.

The department may adopt rules pursuant to chapter 17A necessary to administer this division.

Sec. 13. Section 423.24, Code Supplement 1997, is amended by inserting the following new unnumbered paragraph before subsection 1:

NEW UNNUMBERED PARAGRAPH. Except as otherwise provided in section 312.2, subsection 15, all revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to sections 423.7 and 423.7A shall be deposited and credited to the road use tax fund and shall be used exclusively for the construction, maintenance, and supervision of public highways.

Sec. 14. Section 423.24, subsection 1, unnumbered paragraph 1, Code Supplement 1997, is amended to read as follows:

Eighty percent of Notwithstanding any provision of this section which provides that all revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to section 423.7 and section 423.7A shall be deposited and credited to the road use tax fund, eighty percent of the revenues shall be deposited and credited as follows:

Sec. 15. Section 423.24, subsection 1, paragraph a, subparagraph (2), Code Supplement 1997, is amended to read as follows:

(2) ~~Beginning January 1, 1996, through December 31, 1997, two million five hundred thousand dollars per quarter shall be deposited into and credited to the Iowa comprehensive petroleum underground storage tank marketability fund created in section 455G.21. Beginning January 1, 1998, through December 31, 2002~~ June 30, 1999, four million two hundred fifty thousand dollars per quarter shall be deposited into and credited to the Iowa comprehensive petroleum underground storage tank marketability fund created in section 455G.21 department of economic development. However, not more than a total of twenty-five million dollars shall be credited to the department. The moneys so deposited credited are a continuing appropriation to be expended ~~in accordance with section 455G.21~~ to carry out the provisions of section 15E.208, and the moneys shall not be used for other purposes.

Sec. 16. Section 423.24, subsection 1, paragraph c, Code Supplement 1997, is amended by striking the paragraph.

Sec. 17. Section 423.24, subsection 2, Code Supplement 1997, is amended to read as follows:

2. ~~Twenty percent of Notwithstanding any other provision of this section that provides that~~ all revenue derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to section 423.7 shall be deposited and credited to the road use tax fund, twenty percent of the revenues shall be credited and deposited as follows: one-half to the road use tax fund and one-half to the primary road fund to be used for the commercial and industrial highway network, except to the extent that the department directs that moneys are deposited in the highway safety patrol fund created in section 80.41 to fund the appropriations made from the highway safety patrol fund in accordance with the provisions of section 80.41. The department shall determine the amount of moneys to be credited under this subsection to the highway safety patrol fund and shall deposit that amount into the highway safety patrol fund.

Sec. 18. NEW SECTION. 423.24A REIMBURSEMENT FOR THE PRIMARY ROAD FUND.

From moneys deposited into the road use tax fund, the department may credit to the primary road fund any amount of revenues derived from the use tax on motor vehicles, trailers, and motor vehicles accessories and equipment as collected pursuant to sections 423.7 and 423.7A to the extent necessary to reimburse that fund for the expenditures not

otherwise eligible to be made from the primary road fund, which are made for repairing, improving, and maintaining bridges over the rivers bordering the state. Expenditures for those portions of bridges within adjacent states may be included when they are made pursuant to an agreement entered into under section 313.63, 313A.34, or 314.10.

Sec. 19. 1995 Iowa Acts, chapter 215, section 29, subsection 1, is amended to read as follows:

1. Section 423.24, subsection 1, paragraph "a", subparagraph (2) is repealed on ~~January 1, 2003~~ July 1, 1999.

Sec. 20. TRANSFER AND RETROACTIVITY. Moneys deposited in the Iowa comprehensive petroleum underground storage tank marketability fund created in section 455G.21 derived from the use tax as provided in section 423.24, Code Supplement 1997, from January 1, 1998, until July 1, 1998, shall be transferred to the department of economic development for use as provided in section 15E.208, as enacted in this Act. This section shall be retroactively applicable on and after January 1, 1998.

Sec. 21. SEVERABILITY. If any provision of this Act or the application of this Act to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this Act which shall be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Sec. 22. EFFECTIVE DATE. Section 20 of this Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 20, 1998

CHAPTER 1208

IDENTIFICATION OF ANIMALS

H.F. 2382

AN ACT relating to the identification of animals and providing penalties.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 169A.1, Code 1997, is amended by adding the following new subsections:

NEW SUBSECTION. 0A. "Animal" means a creature belonging to the bovine, caprine, equine, ovine, or porcine species; ostriches, rheas, or emus; farm deer as defined in section 481A.1; or poultry.

NEW SUBSECTION. 1A. "Computer" means the same as defined in section 22.3A.

NEW SUBSECTION. 2A. "Identification device" means a device which when installed is designed to store information regarding an animal or the animal's owner in an electronic format which may be accessed by a computer for purposes of reading or manipulating the information.

NEW SUBSECTION. 2B. "Install" means to place an identification device onto or beneath the hide or skin of an animal, including but not limited to fixing the device into the ear of an animal or implanting the device beneath the skin of the animal.

Sec. 2. Section 169A.10, Code 1997, is amended to read as follows: